



Foreign and Commonwealth Office

London SW1A 2AH

29 July 1988

Dear Charles,

You asked to see this month a draft for the Prime Minister's speech at the College of Europe in Bruges on 20 September. I attach an outline sketch. If the Prime Minister is content with its scope, we shall work up a full text.

Yours ever

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

MWB 300/9.

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DRAFT OUTLINE OF PRIME MINISTER'S BRUGES SPEECH

The Europe you will Inherit: Enterprise, Freedom and
the Individual

I

- A fortunate generation. A generation whose Europe is free, democratic and dynamic. Contrast with the Europe of my youth, with freedom assailed, democracies embattled, and economies rigidified by the rigours of war, and post-war reconstruction.

- Fortunate even by comparison with the generation that inherited Europe of the 60s and 70s. When youth understandably rebelled against the notion of the nanny-state, that government existed to run lives of ordinary people.

- The Europe of today radically different. Prosperity in Europe has grown as a result of an economic and political revolution. Yet it is firmly based in tradition and commonsense. It has only seemed revolutionary because public opinion had been anaesthetised by the "government knows best" arguments

of the 60s.

- Rediscovery of spirit of enterprise in the UK made possible by growing realisation that many of the things done by the state were done badly. That public resources are private resources taken by the state, and that the individual is better equipped to make many resource decisions than any state, however benevolent. That an admirable desire to protect the interests of the disadvantaged had resulted in a system of excess state control and union power which meant that the disadvantaged were not best protected, for growth - and hence jobs - were stifled. We had to break that crippling paralysis. Without undermining essential protections (health care, social security etc), we had to liberate enterprise at the level of industry and the individual.

- UK recovery is built on respect for the individual, encouragement of diversity and enterprise. Adam Smith: "it is not from the benevolence of the butcher, brewer or baker that we expect our dinner, but from their regard for their own interests".

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- Believe that a Europe open to enterprise, giving full rein to individual endeavour, is the Europe you will inherit. For that is the direction in which the consensus among Community Governments, and the thrust of Community policy-making, is now going.

- Particular importance of 1992. Community has come of age. No longer Europe of the 1950s, emerging from trauma of war, needing to concentrate on survival, security, sufficiency of supply. The Europe of the 1990s can be more self-confident; can offer wider choices and opportunities to its inheritors.

- Common framework of Community law now firmly established. Community of the 50s needed economic crutches. The Community of today not a recuperating invalid but a fit athlete. Need a faster track and different goals. Must mean more liberalisation than harmonisation, deregulation not regulation, diversity not dirigisme.

- Creation of single European market will enhance European unity without sacrificing national identity. Europe of 1992 increasingly one in which companies will

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operate on Europe-wide scale. And the resultant improved efficiency will help them operate better worldwide.

- Growing European influence in trade and aid. Significance of European voice in world trade negotiations. Hence importance of ensuring our approach to outside world consistent with our internal goals. Cannot preach liberalisation at home and practice protectionism abroad. Cannot preach agricultural reform abroad without practising it at home.

- In 1942 Churchill wrote of his dream of "the revival of the glory of Europe, the parent continent of modern nations and civilisation". A dream no more: today's reality. So a fortunate generation; inheriting a Europe again self-confident and on the move.

II

- And a Europe again playing its proper role on the world stage.

- Reject talk of a bi-polar world. Of course Soviet

Union looks to US as its main interlocutor. But increasingly the Russians have to take account of growing economic/political influence of Western Europe. And all Eastern Europe learning from the renewed economic dynamism of their neighbours to the West. *In* Hungary we see new experiments in market economics, and a new relationship with the European Community. And if perestroika takes root, as we must all hope it will, there will be a new substance to EC/Soviet relations.

- Even in matters of defence it is not a bi-polar world. European influence in NATO crucial.

Significance of European voice at post-Reykjavik Camp David meeting. At Moscow summit President Reagan spoke after full consultation with, and with full backing of, European members of NATO at Moscow summit.

- But the Europe you will inherit must not be one in which self-confidence turns to over-confidence. The Western Alliance must not be taken for granted by its members: its vitality needs to be nurtured and sustained, with proper vigilance.

- Which means that, within the Alliance, Europe needs

to develop its own identity in security, as in other areas. European security will remain critically dependent on a system of deterrence based on both nuclear and conventional weapons; and cannot be pursued only in a purely Western European framework, but must involve our transatlantic partners.

- But the need to maintain the closest possible relationship with Washington does not undercut, indeed it reinforces, the parallel need for the Alliance's European members to develop and improve their own force contributions. That means:

- more equipment collaboration;
- more open procurement;
- a clearer view of our arms control priorities; and
- more bilateral cooperation, in particular involving France and Spain, whose forces are not integrated.

- No single mechanism appropriate for all this. Eurogroup and IEPG have long-standing well-defined roles and should continue. May be that one day Community could develop a defence dimension, but for

the present, key role for Western European Union. Last November's WEU platform sets out realities of European security from a European perspective. Must now build on this, to strengthen the overall Alliance.

- "The Price of Freedom is eternal Vigilance." As the inheritors of European history, you know that. Counsel you never to forget it. We in London haven't (as the presence of 70,000 British servicemen on the European mainland amply demonstrates). And we won't.

III

- Have described my vision of the Europe you will inherit: economically strong, built on respect for the individual, firm in the defence of freedom. A Europe of which the United Kingdom will remain a proud member.

- Reject accusations that British are insular. Proud of our island history, but proud too of our role in opening up distant lands. And of our share in the common European heritage. And of our record in honouring our obligations in letter and in spirit, as the history of our 20th century relationship with Belgium is eloquent proof.

- On the other hand don't reject accusations that British tend to be pragmatic, not visionary. Indeed regard that as a British strength. Danger of an approach which sets a distant goal is that the distant goal becomes more important than the immediate opportunity, and in the end you miss both. However far we want to go, can only go one step at a time.

- That is why the personal vision I have explained today needs no new document: the texts already exist, in the North Atlantic Treaty, the Revised Brussels Treaty, and the Treaty of Rome. Texts written by some pretty far-sighted men, a remarkable Belgian, Paul Henri Spaak, among them.

- Let theirs be your vision; pursue it pragmatically; fight hard to defend individual freedoms in matters economic and political; and the Europe you inherit will be safe in your hands.